



General Assembly

February Session, 2010

Committee Bill No. 1

LCO No. 1587

01587SB00001FIN

Referred to Committee on Finance, Revenue and Bonding

Introduced by:
(FIN)

***AN ACT CONCERNING THE PRESERVATION AND CREATION OF
JOBS IN CONNECTICUT.***

Be it enacted by the Senate and House of Representatives in General Assembly convened:

1 Section 1. Subsection (b) of section 12-284b of the general statutes is
2 repealed and the following is substituted in lieu thereof (*Effective from*
3 *passage and applicable to taxable years commencing on or after January 1,*
4 *2010*):

5 (b) (1) Each limited liability company, limited liability partnership,
6 limited partnership and S corporation shall be liable for the tax
7 imposed by this section for each taxable year or portion thereof that
8 such company, partnership or corporation is an affected business
9 entity. Each affected business entity shall annually, on or before the
10 fifteenth day of the fourth month following the close of its taxable year,
11 pay to the Commissioner of Revenue Services a tax in the amount of
12 two hundred fifty dollars.

13 (2) (A) For the taxable year commencing on January 1, 2010, the
14 provisions of this section shall not apply to any affected business entity
15 that (i) reports income on the return required pursuant to section 12-

16 726 of fifty thousand dollars or less, and (ii) employed at least one full-
17 time employee for not less than eight consecutive months during the
18 taxable year commencing January 1, 2010;

19 (B) For the taxable year commencing on January 1, 2011, the
20 provisions of this section shall not apply to any affected business entity
21 that (i) reports income on the return required pursuant to section 12-
22 726 of fifty thousand dollars or less, and (ii) employed at least one full-
23 time employee for not less than eight consecutive months during the
24 taxable year commencing January 1, 2011; and

25 (C) For purposes of this subdivision, "full-time employee" means an
26 employee required to work at least thirty-five hours or more per week
27 and who is not a temporary or seasonal employee.

28 Sec. 2. (NEW) *(Effective from passage and applicable to taxable years*
29 *commencing on or after January 1, 2010)* (a) For purposes of this section:

30 (1) "TARP bonus" means aggregate disqualified bonus payments of
31 one million dollars or more received from covered TARP recipients,
32 where such bonus represents a payment received in the taxable year
33 commencing January 1, 2010, or January 1, 2011, or award for work
34 performed during the taxable year commencing January 1, 2010, or
35 January 1, 2011. "TARP bonus" includes, but is not limited to, cash,
36 loans, payments received in a medium other than cash, or
37 arrangements for payments to be awarded in the future.

38 (2) "Covered TARP recipient" means (A) any entity that, on or after
39 December 31, 2007, received funds directly from the federal Troubled
40 Assets Relief Program established pursuant to P.L. 110-343, (B) any
41 entity that is a member of the same affiliated group, as defined in
42 Section 1504 of the Internal Revenue Code of 1986, or any subsequent
43 corresponding internal revenue code of the United States, as amended
44 from time to time, as an entity, association or corporation described in
45 subparagraph (A) of this subdivision, and (C) any partnership, if more
46 than fifty per cent of the capital or profits interests of such partnership

47 are owned, directly or indirectly, by one or more entities, associations
48 or corporations described in subparagraph (A) or (B) of this
49 subdivision.

50 (3) "Disqualified bonus payment" means any retention payment,
51 incentive payment or other bonus paid by a covered TARP recipient
52 that is in addition to any amount payable to a taxpayer for services
53 performed by such taxpayer at a regular hourly, daily, weekly,
54 monthly or similar periodic rate. "Disqualified bonus payment" does
55 not include commissions, welfare or fringe benefits or expense
56 reimbursements.

57 (4) "TARP" means the federal Troubled Assets Relief Program
58 established under P.L. 110-343.

59 (5) "Taxpayer" means any person, trust or estate subject to the tax
60 imposed by chapter 229 of the general statutes.

61 (b) Notwithstanding the provisions of section 12-700 of the general
62 statutes, for taxable years commencing on January 1, 2010, and January
63 1, 2011, a taxpayer who receives a TARP bonus shall pay a tax on such
64 bonus at a rate of eight and ninety-seven-hundredths per cent. Such
65 TARP bonus shall not be subject to the provisions of section 12-700 of
66 the general statutes, but any income received by such taxpayer in
67 addition to such TARP bonus shall continue to be subject to the
68 provisions of section 12-700 of the general statutes.

69 (c) The provisions of this section shall not apply to a taxpayer who
70 irrevocably waives his or her right to the full amount of a TARP bonus
71 or returns the full amount of such bonus to the covered TARP recipient
72 prior to December thirty-first of the applicable taxable year, provided
73 the taxpayer receives no benefit from the covered TARP recipient in
74 connection with the waiver or return of such bonus.

75 (d) Any reimbursement to a taxpayer by a covered TARP recipient
76 of the tax imposed by this section shall be treated as a disqualified

77 bonus payment to the taxpayer liable for such tax.

78 (e) The provisions of this section shall apply to any bonus received
79 by a taxpayer from a covered TARP recipient, regardless of whether
80 such covered TARP recipient has repaid in full or in part to the federal
81 government any funds received pursuant to the Troubled Assets Relief
82 Program.

83 (f) Any covered TARP recipient that pays or awards a TARP bonus
84 of one million dollars or more during the taxable years commencing
85 January 1, 2010, and January 1, 2011, shall comply with the provisions
86 of sections 12-705 and 12-706 of the general statutes, as applicable.

87 Sec. 3. Subdivision (8) of subsection (a) of section 12-701 of the 2010
88 supplement to the general statutes is repealed and the following is
89 substituted in lieu thereof (*Effective from passage and applicable to taxable*
90 *years commencing on or after January 1, 2010*):

91 (8) "Connecticut taxable income of a resident" means the
92 Connecticut adjusted gross income of a natural person with respect to
93 any taxable year reduced by (A) the amount of the exemption
94 provided in section 12-702, and (B) for applicable taxable years, the
95 amount of any TARP bonus, as defined in section 2 of this act.

96 Sec. 4. (NEW) (*Effective July 1, 2010*) (a) As used in this section,
97 "small business" means a business employing fewer than fifty people.

98 (b) The Department of Economic and Community Development
99 shall establish a small business assistance program to provide direct
100 loans and loan guarantees to small businesses.

101 (c) As part of the small business assistance program, the department
102 may: (1) (A) Guarantee, make an advance commitment to guarantee or
103 cause to be guaranteed loans to small businesses, or (B) in the case that
104 loans are not made available in the private market in connection with
105 such guarantees, make or cause to be made direct loans to any
106 qualified business; (2) make or cause to be made, direct loans to any

107 small business; and (3) enter into participation agreements with other
108 state or federal agencies, provided such agreements shall be limited to
109 loans and loan guarantees that meet the requirements of the program
110 established pursuant to this section.

111 (d) There is established an account to be known as the "small
112 business assistance account" which shall be a separate, nonlapsing
113 account within the General Fund. The account shall contain any
114 moneys required by law to be deposited in the account. Moneys in the
115 account shall be expended by the Department of Economic and
116 Community Development for the purposes of providing the loans and
117 loan guarantees in the small business assistance program.

118 Sec. 5. (*Effective July 1, 2010*) (a) For the purposes described in
119 subsection (b) of this section, the State Bond Commission shall have
120 the power, from time to time, to authorize the issuance of bonds of the
121 state in one or more series and in principal amounts not exceeding in
122 the aggregate twenty million dollars.

123 (b) The proceeds of the sale of said bonds, to the extent of the
124 amount stated in subsection (a) of this section, shall be deposited into
125 the small business assistance account established pursuant to section 4
126 of this act, to be used by the Department of Economic and Community
127 Development for the purposes of the small business assistance
128 program.

129 (c) All provisions of section 3-20 of the general statutes, or the
130 exercise of any right or power granted thereby, which are not
131 inconsistent with the provisions of this section are hereby adopted and
132 shall apply to all bonds authorized by the State Bond Commission
133 pursuant to this section, and temporary notes in anticipation of the
134 money to be derived from the sale of any such bonds so authorized
135 may be issued in accordance with said section 3-20 and from time to
136 time renewed. Such bonds shall mature at such time or times not
137 exceeding twenty years from their respective dates as may be provided
138 in or pursuant to the resolution or resolutions of the State Bond

139 Commission authorizing such bonds. None of said bonds shall be
 140 authorized except upon a finding by the State Bond Commission that
 141 there has been filed with it a request for such authorization which is
 142 signed by or on behalf of the Secretary of the Office of Policy and
 143 Management and states such terms and conditions as said commission,
 144 in its discretion, may require. Said bonds issued pursuant to this
 145 section shall be general obligations of the state and the full faith and
 146 credit of the state of Connecticut are pledged for the payment of the
 147 principal of and interest on said bonds as the same become due, and
 148 accordingly and as part of the contract of the state with the holders of
 149 said bonds, appropriation of all amounts necessary for punctual
 150 payment of such principal and interest is hereby made, and the State
 151 Treasurer shall pay such principal and interest as the same become
 152 due.

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>from passage and applicable to taxable years commencing on or after January 1, 2010</i>	12-284b(b)
Sec. 2	<i>from passage and applicable to taxable years commencing on or after January 1, 2010</i>	New section
Sec. 3	<i>from passage and applicable to taxable years commencing on or after January 1, 2010</i>	12-701(a)(8)
Sec. 4	<i>July 1, 2010</i>	New section
Sec. 5	<i>July 1, 2010</i>	New section

Statement of Purpose:

To preserve jobs and encourage job creation in Connecticut.

[Proposed deletions are enclosed in brackets. Proposed additions are indicated by underline, except that when the entire text of a bill or resolution or a section of a bill or resolution is new, it is not underlined.]

Co-Sponsors: SEN. WILLIAMS, 29th Dist.; SEN. LOONEY, 11th Dist.
SEN. DAILY, 33rd Dist.; SEN. HARP, 10th Dist.
SEN. COLAPIETRO, 31st Dist.; SEN. COLEMAN, 2nd Dist.
SEN. CRISCO, 17th Dist.; SEN. DEFRONZO, 6th Dist.
SEN. DOYLE, 9th Dist.; SEN. FONFARA, 1st Dist.
SEN. GAFFEY, 13th Dist.; SEN. GOMES, 23rd Dist.
SEN. HANDLEY, 4th Dist.; SEN. HARRIS, 5th Dist.
SEN. LEBEAU, 3rd Dist.; SEN. MEYER, 12th Dist.
SEN. MUSTO, 22nd Dist.; SEN. PRAGUE, 19th Dist.
SEN. STILLMAN, 20th Dist.; REP. JANOWSKI, 56th Dist.

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